UNCLASSIFIED

R (368)

Q: If the F-15 enhancements are sold to Saudi Arabia, do you see a need to take compensatory measures in regard to Israel, such as giving additional military equipment or giving more help with financial problems?

A: -- We are not taking compensatory measures with Israel as part of the sale of F-15 add-on equipment to Saudi Arabia. As we have said, because of the changed situation in the region, and because Israel's strength is one factor in our overall strategy for resisting the Soviet thrust into this area, we are proposing to provide Israel with additional FMS credits for the purchase of aircraft or other equipment Israel may require. This is part of our ongoing dialogue with Israel about its security needs in the 1980's.

DEPARTMENT OF STATE
J Schmeja 7/2/85

UNCLASSIFIED

R 369

Q: If the Saudis are to receive equipment to make their F-15 planes more offensive, will Israel be assisted in guarding against this threat?

A: We recognize that the equipment we propose to sell to Saudi Arabia will provide the Saudis with additional military capability. While it is not possible to rule out absolutely the use of Saudi F-15s against Israel, an objective analysis would rate the risks as low. The Administration has requested nearly $2.2 billion in assistance for Israel in FY 1982, of which $1.4 billion is FMS credit. In addition, we have told Israel that we now propose to provide an additional $300 million in FMS credits each in FYs '83 and '84 for the purhase of aircraft or other equipment Israel may prefer. This is part of our ongoing dialogue with Israel about its security needs in the 1980's.

F Schmoker 7/2/82

R 310

Q: In view of the Reagan Administration's aim to cut back on foreign aid spending, would not a lifting of U.S. restrictions on Israeli military export sales be the most efficient way to lessen Israel's dependence on our aid?

A: An economically viable defense industry in Israel is extremely important to Israel's security. In this connection, the Israelis attach great importance to the U.S. attitude toward licensing exports of Israeli military equipment containing U.S. components, such as the KFIR fighter. We intend to be as forthcoming as we can to Israeli requests to seek such sales.

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F. Schmoke, [illegible]: 7/2/85